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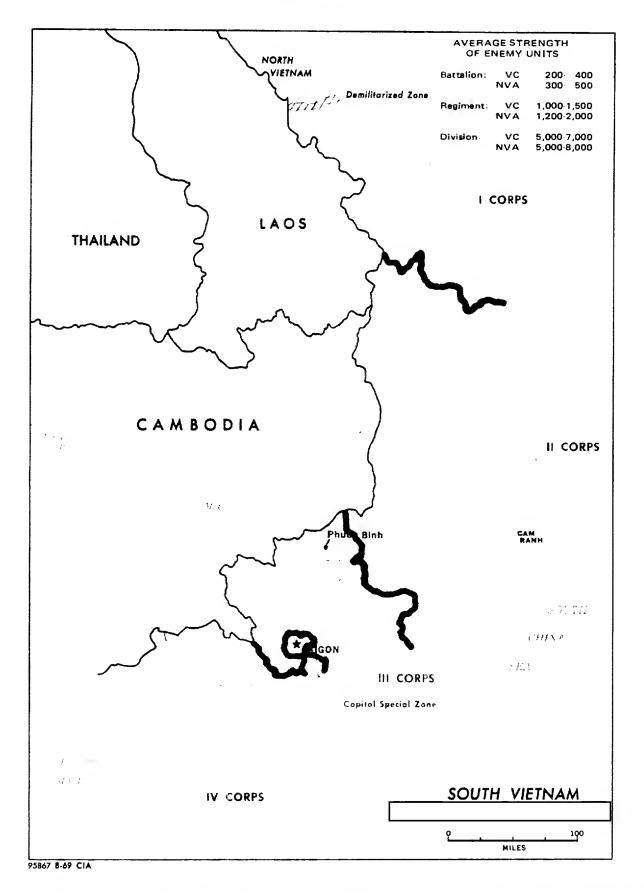
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South Vietnam: Swift designation of General Tran Thien Khiem to succeed Huong as prime minister could clear the way for early formation of the new cabinet.

The move, following within hours Huong's departure announcement, suggests that President Thieu had his top cards firmly in mind and was merely awaiting the right moment to play them.

The delicate wording of the announcements, however, seems designed to give an impression that events are still shaping Thieu's decisions.

It is possible that Thieu already has a good idea of the cabinet slate he wants and has already discussed individual appointments with Khiem, with whom he seems to work closely. Thieu is expected to shift some ministers who have been under fire along with Huong in the assembly, and to try to broaden his government's base by bringing in some prominent politicians. It is not yet clear how many potential ministers have been firmly lined up.

Communist military activity has centered in I and II corps during the past two days, but has not reached any unusual intensity.

In several areas Communist units are continuing to reposition, perhaps either to open new combat areas or to shore up locally depleted forces. In the central part of Phuoc Long Province, a concentration of enemy forces, possibly numbering four

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regiments, threatens the provincial capital of Phuoc Binh. A recent, apparently knowledgeable defector has stated that Phuoc Binh is the target of these forces.

In IV Corps, documents indicate that the North Vietnamese Army 18B Regiment has relocated from III Corps to the delta province of Chau Doc. This marks the first time that a unit of this echelon, apparently composed totally of North Vietnamese soldiers, is known to have moved to the area. If the entire 1,200-man regiment is there, the threat to allied installations and district towns in the area has been increased significantly.

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Czechoslovakia: Pro-Soviet hardliners have increased their efforts to pressure party chief Husak into a more conservative mold.

Rude Pravo, the main party daily now controlled by the hardliners, appears to be calling for a witch hunt against former party boss Alexander Dubcek and others associated with the liberal reform program in 1968. In a recent article, the paper implied that Dubcek and former liberal leader Josef Smrkovsky were partly responsible for the demonstrations marking the first anniversary of the Soviet invasion. Husak is unlikely to permit mass arrests and show trials, but given his present responsiveness to Soviet pressures, it is probably only a matter of time before Dubcek and Smrkovsky are demoted further.

The introduction of a series of repressive legal provisions last week clearly reflects the influence of the hardliners within the leadership and suggests that the regime is concerned that more demonstrations may be coming. Public protests could develop, for example, on the anniversary of the Slovak national uprising on 29 August and several other occasions symbolic of the occupation, such as the anniversary of the signing of the status-of-forces agreement in mid-October. Individuals who are now arrested for either potential or real opposition to the regime face severe punishment and loss of their civil rights.

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Arab States - Israel: Arab emotionalism over the burning of the al-Aqsa mosque is still running high.

King Faysal of Saudi Arabia on Friday called for a holy war to liberate Muslim shrines, and on Saturday Egyptian President Nasir vowed to return Jerusalem to the Arabs by force if necessary. Strikes and demonstrations occurred in Arab cities on Saturday but were controlled by local authorities.

Muslim delegates at the UN met again on Saturday and decided not to ask for a Security Council meeting after all. Instead they are drafting a letter of protest and sending a delegation to meet with U Thant. An Arab foreign ministers meeting is scheduled for today in Cairo to discuss the incident. The meeting may also consider the possibility of holding an Arab summit in the near future.

The detention of an Australian suspected of starting the fire has done little to dampen Arab emotions. Most Arabs will probably ignore or reject the Israeli claim that the Australian was responsible for the burning of the mosque. For Muslims in general, and Palestinians in particular, the damage to the mosque will symbolize the impossibility of accepting Israeli custody of Muslim holy places. Although emotions are inflamed, it remains to be seen whether Arab leaders will be able to convert popular anger into a more effective stand against Israeli occupation of Arab territory.

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India: Serious friction persists in the ruling Congress Party in the aftermath of V. V. Giri's close victory in the presidential election on 20 August.

A party split is again a possibility should old guard leaders insist on trying to censure Prime Minister Gandhi at a meeting of the Congress Central Working Committee today. Members of the old guard believe that immediate action against Mrs. Gandhi is necessary if their authority over the national party organization and over some state parties is not to be further weakened, perhaps beyond retrieval. Returns from the presidential election show that about half the Congress members of Parliament and state legislative assemblies voted against the official party candidate, Sanjiva Reddy, despite the attempt by state party bosses to enforce strict party discipline.

Moderates in the old guard, some of whom supported Reddy, are urging conciliation and may be able to avoid action in the working committee. Neither Mrs. Gandhi nor her more intransigent antagonists show signs of being willing to compromise. Those advocating strong action could draw back, however, if they believe a censure motion at this time would fail to get a majority in the working committee and would split the party group that is opposed to Mrs. Gandhi.

The Communists, leftist political parties, and Mrs. Gandhi's followers are celebrating Giri's election as a landmark popular victory against vested interests. The Prime Minister told a throng on Friday that she would push forward with progressive policies against all obstacles. She has not yet taken any new steps in this direction, but speculation centers on a major cabinet shuffle, perhaps even before the end of the current session of Parliament on 30 August.

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Pakistan: Signs of labor unrest are appearing in East Pakistan for the first time since the declaration of martial law in March.

The focal point of discontent is the East Pakistan Minimum Wage Ordinance recently promulgated by the national government. Neither management nor labor is satisfied with the decree; employers believe it goes too far and workers not far enough. The lax enforcement of the ordinance by East Pakistan further complicates matters. The provincial government is annoyed that it was not consulted by Rawalpindi before the law was put into effect.

The atmosphere of confusion and uncertainty surrounding the rather sloppily drafted ordinance seems ripe for exploitation by extremist elements. Leftist agitators are allegedly urging workers, particularly in Communist-dominated unions, to refuse to accept their pay at current levels. In at least one large textile plant, inflexible demands for higher pay are being accompanied by a work slowdown. Moderate union leaders are probably afraid to take the lead in encouraging acceptance of the minimum wage for fear of losing support among the workers if wages are eventually raised.

With radical extremists reportedly becoming increasingly active in the province, more labor troubles could be in store for East Pakistan. Labor discontent was a significant factor in the demise of the Ayub regime, and it remains to be seen whether the present government will take firm measures to tidy up its labor policy and eliminate the conditions conducive to further unrest.

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Morocco: The government is undertaking a long-expected crackdown on Moroccan Communist activity.

Ali Yata, secretary general of the Communists' "Party for Liberation and Socialism," was arrested on 18 August and charged with the "reconstitution of an illegal association." The charge grew out of a statement by Yata before the Romanian Communist Party Congress on 7 August that his party had survived two bans, in 1952 and 1959, and now enjoyed legal status again. A second member of the party delegation to the congress is also slated for arrest.

In mid-1968 the authorities permitted the Moroccan Communists to establish their party under a new name, ostensibly to encourage any undetected subversive factions to surface. Leaders of the Party for Liberation and Socialism, virtually the same as those of the banned organization, have operated circumspectly because of the ever-present threat that the authorities might move against them. The party has been subsidized by the Soviet Embassy.

The Moroccan Government has become increasingly concerned over the party's growing strength and activity since it achieved legal status. The Moroccan prime minister told the US ambassador on several occasions that authorities were compiling a dossier on Yata and his party in preparation for a crackdown. They had also prohibited a press conference that Yata had scheduled last month to discuss activities of the party delegation at the Moscow conference of Communist parties.

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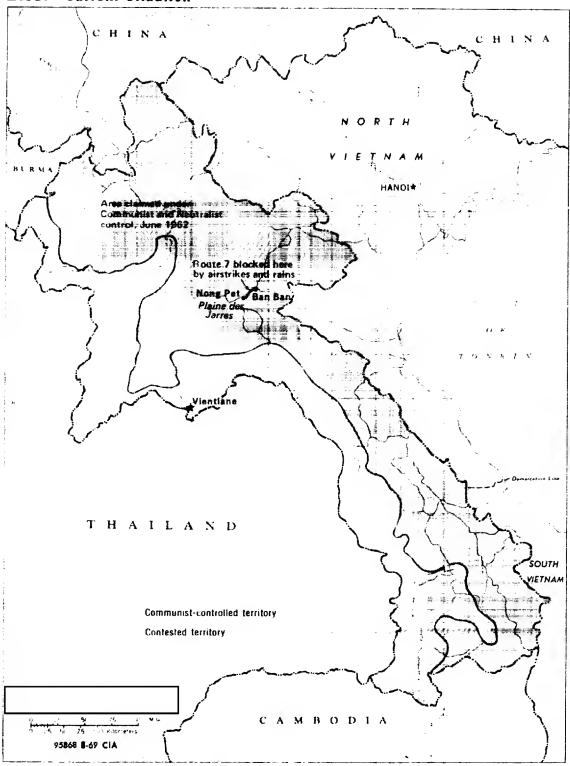
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LAOS: Current Situation



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Laos: Government units moving against Route 7 report that air strikes and rains have closed the portion of the road between Ban Ban and Nong Pet to truck traffic. A captured North Vietnamese laborer claims that some 400 North Vietnamese troops and coolies have been tasked with moving supplies by foot to Nong Pet. In a belated reaction to the government offensive against Route 7, Communist forces on 22 August mounted several sharp probes against government forward positions south of the road. The Communists will almost certainly continue to exert pressure against the government positions in order to safeguard the flow of supplies into the Plaine des Jarres area.

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Ghana: The constituent assembly has amended Ghana's new constitution to vest the presidency in a commission composed of the top three members of the military-police junta. Before finally approving the constitution on 22 August, the assembly rejected any change in another controversial article that presumably disqualifies one of the two chief contenders for the premiership in Ghana's civilian government. Bitter assembly debate on these two issues has measurably heightened political and tribal tensions between the supporters of the two main parties contesting the parliamentary elections on 29 August.

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